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## HISTORY AND DEVELOPMENT OF SHARIA ACCOUNTING

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### *Abstract*

*This article was written to explain the history and development of Sharia accounting from time to time. The method used is subjective qualitative. The information obtained is from research journals and books about the history and development of sharia accounting. Sharia accounting is accounting whose recording method does not conflict with Islamic teachings. And the birth of sharia accounting goes through a long history from the time of Rasulallah SAW until it is popular today.*

**Keywords:** Islamic Accounting, The Development and History of Islamic Accounting

### INTRODUCTION

Before starting to discuss sharia accounting, it would be good for us to know and understand the meaning of accounting and sharia. Accounting is a process of recording, measuring, identifying and collecting transaction data carried out by one person for individuals, business entities, organizations and governments. Aims to convey information about financial reports. Meanwhile, sharia is a rule made by Islamic teachings which contains rules that cover life in this universe and adheres strictly to the Al-Qur'an, Hadith, Ijma and Qiyas.

Sharia accounting is still fundamentally the same as accounting in general, namely a process of recording, measuring, identifying and collecting data about financial reporting, and what differentiates the two is that sharia accounting records its financial reporting using the shari'a recommended by Islamic teachings. So the reporter must do it honestly and fairly so as not to violate Islamic law.

### METHOD

The research method used in this article is subjective qualitative, or collecting data from available sources. The available data comes from several books and several valid and relevant research journals.

### RESULTS

The history of sharia accounting has passed through many time periods, starting from the time of the Prophet and Khulafaurrasyidin, the leadership of the Umayyads, the Abbasids, and the leadership of the Al-Mazindarani Manuscript period. Overview The history of sharia accounting at this time begins with the liberation of the city of Mecca in 630 AD where many Arabs embraced Islamic teachings and they spread their wings in the field of trade to outside the Middle East. From the increasing activity in the field of Muslim traders who needed funds to finance the needs of European nations. The emergence of partners and the resulting need from the expansion of the trade sector to make good accounting records and make accurate financial reports like what is written in the Al-Qur'an in Surah Al-Baqarah (2:282). (Maulina, 2022, p. 4).

During the caliphate of Umar bin Khatab, formal accounting procedures and concepts began to be implemented, who ruled in 633-644 AD (Troxic A. 2015). This was marked by the expansion of Islamic government throughout the Middle East, North Africa and Asia, so that this increased state income and the assets in Baitul Maal increased. Friends of Al Walid bin

Hisyamal-Mughirah asked for responsibility for income and expenditure at Baitul Maal so that a record of cash in and cash out of Baitul Maal was created. (Mobarok & Syahril, 2023, p. 5)

Then a Diwan was formed (from the word Dawanna which means writing). This Diwan was a special team formed by Caliph Umar bin al-Khattab which focused on making financial reports for Baitul Maal and this was the responsibility of Caliph Umar bin al-Khattab who managed and was responsible for the finances at Baitul Maal. The first proof of the effectiveness of the establishment of this Diwan was that there was a deficit of one dirham in Baitul Maal and this was discovered by Amr bin al-Jarrah's friend and he wrote a letter to Caliph Umar bin al-Khattab, in which he wrote about the existence of this deficit in Baitul Maal.

Then in the second case, there was an unwritten recording which resulted in a deficit which was detrimental to the accountants so that they were obliged to pay the deficit which amounted to 1,300 dinars. At the end of the financial year, the deficit balance is found in the balance book and other balances. Then it continued during the time of the caliph Ustman bin Affan who ruled in 644-656 AD. At this time the Caliph Ustman still used the same records as during the time of the caliph Umar bin al-Khattab.

In the era of Ali bin Abi Talib's caliphate, namely in 656-661 AD, Baitul Maal experienced rapid development. This was indicated by the existence of the existing administrative system at that time which was running very well from the local level to the central level, then there was a surplus in Baitul Maal. This was of course the effect of transparent recording and reporting at that time. During the caliphate, Walid bin Abdul Malik, in 705-715 AD, during the Umayyad era, bound or arranged records or registers were introduced. (Mobarok & Syahril, 2023, p. 6)

During the caliphate of Umar bin Abdul Aziz in 681-720 AD there were very high changes and from there the recording or bookkeeping that was carried out began using the Jaridah (journal) system. Jaridah (journal) is mentioned in the notes of Mazindarani 767H/1363 and Ibnu Khaldun 779H/1378 AD. Jaridah is a book that was registered and inaugurated and stamped by the leader at that time. This Jaridah begins by writing the words "Bismillahirrahmanirrahim". The use of the name Allah at the beginning of this note is something mentioned by Pacioli in the book "Summa The Arithmetica". The special journals contained in the Jaridah at that time were:

- a. Jaridah Al-kharaj, this is a record from the government as zakat recorded on individuals from land, livestock and agricultural products that have not been paid to the government and installments that have not been paid.
- b. Jaridah annafakat or expenditure journal: Diwan Annafakat is the one who manages this Jaridah as financing for the state or caliphate. Expenditures recorded by the Diwan are arranged according to the nature of the expenditure.
- c. Jaridah Al-Mal or Financial journal: Diwan Al-mal is the manager and responsible for the zakat received and issued by Baitul Maal and this must be transparent in reporting and recording in accordance with what is written in the Al-Quran.
- d. Jaridah Al-musadareen or confiscated found journal: Diwan Al-musadareen is responsible for managing this Jaridah. This record is usually to record assets confiscated from a person or individual who violates sharia law, such as officials who abuse their authority.

The types of reports that exist at this time are Al-Khitmah and Al-Khitmah and Al-Khitmah Al-Jameah. The Al-Khitmah report is a report that shows total income and expenditure each month, while Al-Khitmah Al-Jameah is a comprehensive report that is related to the income statement report and the balance sheet report for one year.

Continuing in the era of the Abbasids, where the development of accounting was very rapid and accounting in reporting was grouped into 3, namely Animal Husbandry Accounting, Construction Accounting and Rice Farming Accounting. The application of auditing also emerged in this era with the appointment of an auditor to carry out the task of

harmonizing report recording. , where the auditor is expected to be fluent in languages, someone who has memorized the Al-Qur'an, trustworthy, careful and thorough. And the auditor's task here is to examine the financial reports that occurred at that time. If the auditors like the notes made, the auditors will provide their signatures. The head of DiwNan Kharaj and Diwan of the army at that time was M. Khalid bin Burmuk who ruled in 750 AD during the Abbasid era.(Mobarok & Syahril, 2023, p. 8).

Khalid reformed the second diwan system and developed accounting (Zaid, 2000). Abu Ja'far Al-Mansur was the caliph who led the second Abbasid period, namely in the years of government 754-775 AD. He established the Khitabat al-Rasul was-sir or known as secret recording. So that this is something and it can be guaranteed that all the rules can be followed, that is why Shahibal Shurta was established, namely a supervisory body or what can also be called the police which oversees this area. Among the members who serve in Shahibal Surta, there is someone who is in charge of religious and moral affairs who, among other things, checks for fraud in the scales and sales or people who do not pay their debts, namely usually called muhtasib.(History of the Development of Sharia Accounting; Review of Islamic Literature | ILTIZAM Journal of Shariah Economics Research, nd, p. 4).

The science of accounting continues to develop along with existing economic developments, and creates a separation between company owners and company management. In 1776, the industrial revolution had a positive impact on the development of accounting. Then the first company law emerged from England which was issued in 1845 to regulate the organization and status of companies which included borrowing and borrowing from a company, issuing or paying for shares, and how to act like an individual. This results in the need for a report, both in terms of accountability and information. Since its inception, the science of accounting has continued to develop, both in terms of internal, personal and management interests, up to financial accounting for the public interest.(Alfaeni & Diana, 2023, p. 8).

Leo Herbet wrote about the development of accounting from 1775-1975 in his research article entitled Growth of Herbet. In 1775 new accounting was known as single entry and double entry bookkeeping. In 1800, the accounting used by society was the balance sheet as a report used by companies. In 1825, financial inspection or auditing began to become known. In 1850 the accounting used by society was a balance sheet which was used as an important report, and in this period the science of auditing emerged in bookkeeping records and reports. In 1900 the science of tax accounting emerged, and accounting became known as reporting costs and production. In 1925, government accounting began to emerge, and it was even more complete. In 1950-1975, computerization of accounting began, where accounting began to use computer technology.(Ma & Padli, 2020, p. 3).

The legal basis for accounting is according to Islamic law, accounting standards that are generally accepted and can be implemented as long as they do not conflict with Islamic law. and transactions must comply with sharia provisions, especially on the basis of halal or haram values in business activities. In Surah Ali-Imran verse 85, what is explained is that accounting Muslims must believe that Islam is a way of life. In Surah An-Nisa verse 135 it is explained that accounting must have a good, honest, fair and trustworthy character. Surah Al-Baqarah verses 7-8 also explain that accounting must be responsible for reporting all existing and occurring transactions correctly, honestly, thoroughly and in accordance with Islamic sharia. In the same surah, Surah Al-Baqarah verse 282, it is explained that in assessing an asset or wealth, the use of market price or principal price must be accurately witnessed by an independent or competent party.(Harahap, 2017, p. 4).

## **CONCLUSIONS AND RECOMMENDATIONS**

In the development of accounting itself, Arabs also contributed a lot of knowledge, and it is even possible that it was the Arabs who first applied accounting concepts in the world.

Accounting is basically a medium for recording and calculating economic activities including various transactions that are reported to help make financial decisions. According to the American Accounting Association, accounting is a process of identifying, measuring and reporting economic information, to enable clear and firm judgments and decisions for those who use the information. (Hasnidar, 2017, p. 7).

Of the several problems that give rise to the need for accounting, the development of science is progressing so quickly, economic activities are developing so quickly and giving rise to various techniques and explanations of accounting systems among companies that provide comparisons and correctness in financial reports. Since the beginning, the science of accounting has continued to develop well, both in terms of internal interest accounting, personal accounting, or management accounting to public interest accounting. The trigger for the rapid development of accounting science can be considered to be the emergence of a wave of scientific management and the increasing expansion of thinking and superiority of various parties in financial management. (History of the Development of Sharia Accounting | PDF, nd, p. 6).

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